

# **Exhibit 18**

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

**Warner Music International Services  
Limited**

Company Registration Number: 02258593

**Annual Report and Financial Statements**

**30 September 2022**



DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

### **Directors**

P Robinson  
S Rishi  
R Lougee (appointed 11 March 2022)  
C Saxe (appointed 30 September 2022)

### **Secretary**

Olswang Cosec Limited  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

### **Auditor**

KPMG  
1 Stokes Place  
St Stephen's Green  
Dublin 2  
Ireland

### **Registered Office**

Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

## **Contents**

Strategic Report	1-2
Directors' Report	3-4
Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	5
Independent auditor's report to the members of Warner Music International Services Limited	6-9
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes	13-24

## Strategic Report

The Directors present their report and financial statements for the year ended 30 September 2022.

### Principal activity and review of business

The Company has two main functions. The first is the provision of services to most of its recorded music worldwide affiliates. These services are provided pursuant to agreements with the worldwide affiliates and include the provision of marketing, promotion and related activity in respect of current releases, strategic advice in respect of catalogue repertoire together with general financial and accounting services, royalty processing services, information technology, human resources and legal services. The second, established in October 2018, is to act as a central licensing hub for WMG catalogue, having been assigned all ex-US WMG Digital Service Provider (DSP) contracts.

The company's key financial and other performance indicators during the year were as follows:

	2022	2021	Change %
	\$m	\$m	
Turnover	1,521.7	1,361.3	11.8
Gross profit	535.5	493.5	8.5
Shareholders' funds	195.0	185.1	5.3

Turnover has increased by 11.8% as a result of new deals and renegotiation of current deals. The gross profit has increased by 8.5% as a result of increase in turnover partially offset by an increase in cost of sales. Shareholders' funds increased by 5.3%, at a lower rate than gross profit, as a dividend of \$6.7m was declared and paid in March 2022.

### Principal risks and uncertainties

The main risks and uncertainties facing the company relate to maintaining and developing relationships with new and existing digital services providers and the strength of the global release schedule. Other principal risks and uncertainties include:

Credit risk	The possibility that customers may be unable to settle amounts due. The directors do not consider the potential downside significant given the quality of internal credit controls and consistent monitoring performed by Treasury.
Market risk	The possibility of general market decline caused by changes in consumer habits. The directors do consider the potential downside significant given the current upwards trend in music consumption.
Exchange rate risk	The possibility of unfavourable exchange rate fluctuations. The directors do not consider the potential downside significant given the consistent monitoring performed by Treasury who agree favourable rates with external facilities.
Interest rate risk	The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal.

### Section 172 Statement

The Directors define the successful running of the Company as supporting the group in achieving its wider long-term strategy. The group's long-term strategy is to be a sustainable profitable business, maintaining its reputation as the home to an unparalleled family of creative artists and songwriters. The success of the Company and group is dependent on positive and effective dealings with all stakeholders and so the Directors were mindful of the long-term consequences of key commercial decisions made during the year and determined that these were in the interests of the group's employees, suppliers, customers and other stakeholders, as they were all aligned to the group's growth strategy.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

*Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022*

## **Strategic Report (*continued*)**

### **Section 172 Statement (*continued*)**

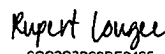
The Company's and group's success depends on the company's reputation with customers and other stakeholders being maintained, and so any impact on the community and environment of commercial decisions is considered carefully. The company regularly engages with stakeholders to maintain these important relationships

The key decisions taken during the year related to the signing of new deals and renewals of expiring deals with Digital Service Providers.

The Company maintains and encourages open dialogue with its employees and runs events and initiatives on a wide range of topics throughout the year to promote a safe and comfortable working environment.

The Directors confirm that throughout the year they have acted, in good faith, in a way that they consider to be most likely to promote the success of the Company and the group for the benefit of its members as a whole.

On behalf of the board

DocuSigned by:  
  
6CC2C3B66DE3465...  
**Rupert Lougee**  
Director  
Date 28 June 2023

Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

## **Directors' Report**

The Directors present their report and financial statements for the year ended 30 September 2022.

### **Results and dividends**

The profit for the year after taxation amounted to \$16.5m (2021 – profit of \$13.1m). The directors paid a dividend of \$6.7m in 2022 (2021 – \$23m).

### **Research and Development**

There were no Research and Development costs incurred during the financial year. The company continues to invest in keeping the IT systems and infrastructure up to date whilst striving to streamline operations.

### **Financial Instruments**

The significant Financial Instruments within the company are Trade Debtors and Investments which are measured in line with the company's accounting policies. There are no significant impairments on the Financial Instruments within these Financial Statements.

### **Directors**

The directors who served the company during the year were as follows:

R Lougee (appointed 11 March 2022)  
J Radice (resigned 30 September 2022)  
S Rishi  
P Robinson  
C Saxe (appointed 30 September 2022)

### **Employees**

The Directors recognise the importance of maintaining a Diverse and Inclusive workplace and work alongside the in-house Diversity, Equality and Inclusion (DE&I) team to ensure a safe and friendly environment within the Company. Throughout the year the company performs anonymous surveys to gauge employee's views on key topics including Diversity and Inclusion, Employee Wellbeing and Flexibly Working to support decision making. The Company also supports Employee Resource Groups which include: The Link (our people of colour network), Women of Warner, Women in Tech, Parents and Carers, People of Pride (LGBT+ network), and The Green Team (Environmental).

Employees are required to comply with our internal Code of Conduct and complete specific training modules designed to meet the requirements of their roles along with access to many optional learning modules. Covid-19 has impacted everyone, including our employees, many of whom have been working from home in line with government requirements. As a result, the Company shared specific wellbeing tool kits to ensure employees were supported in working from home, alongside the provision of office equipment for home use.

### **Engagement with suppliers, customers, and others in a business relationship with the Company**

The Company maintains strong relationships with customers and suppliers locally and overseas through ongoing communication and engagement. Due Diligence measures are taken when engaging new customers and suppliers to ensure compliance with our anti-corruptions and anti-bribery policies. The Company endeavours to pay suppliers in a timely manner in line with internal policies and specific contract terms and conditions.

### **Political Contributions**

The Company made no political donations or incurred any political expenditure during the year.

### **Statement of corporate governance arrangements**

The Company has engaged external consultants to build and develop on the Corporate Governance framework with actions taken as a result, such as further training to employees on Anti-bribery and Anti-corruption.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

## Directors' Report (*continued*)

### Emissions and energy consumption

In accordance with disclosure requirements for large companies under the Companies Act 2006, the table below shows the Company's greenhouse gas emissions during the financial year.

The methodology used to calculate our emissions is in line with UK Government Streamlined Energy and Carbon Reporting ("SECR") guidelines.

	2022 tCO <sub>2</sub> e	2021 tCO <sub>2</sub> e
Combustion of fuel and operation of facilities (Scope 1)	85.57	137.53
Electricity, heat, steam and cooling (Scope 2)	159.11	206.3
Other indirect emissions relating to electricity transmission and distribution losses, Air travel and non-company cars (Scope 3)		
Air travel	1,109.14	67.94
Non-company cars	2.18	20.51
Total	1,431.19	432.27
tCO <sub>2</sub> e per employee	4.90	1.81

### Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate given the following considerations.

Directors considered the operating nature of the entity, including the trading arrangements with affiliated entities and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Warner Music Group Corp. not seeking repayment of the amounts currently due to the group, at the date of the approval of these financial statements, providing additional financial support during that period, and continuing the existing, contracted trading arrangements across the Group. Warner Music Group Corp. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. The directors also have no reason to believe that trading arrangements with affiliated entities will materially change in the foreseeable future. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

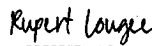
### Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants will therefore continue in office.

On behalf of the board

DocuSigned by:  
  
 BCC2C3B88DE3465...

Director  
 Date: 28 June 2023

Cannon Place  
 78 Cannon Street  
 London, EC4N 6AF



## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## **Independent auditor's report to the members of Warner Music International Services Limited**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Warner Music International Services Limited ('the company') for the year ended 30 September 2022 set out on pages 10 to 24, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Conclusions relating to going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.



**Independent auditor's report to the members of Warner Music International Services Limited (*continued*)**

**Report on the audit of the financial statements (*continued*)**

***Conclusions relating to going concern (continued)***

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

**Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.



**Independent auditor's report to the members of Warner Music International Services Limited** (*continued*)

**Report on the audit of the financial statements** (*continued*)

**Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

**Opinions on other matters prescribed by the Companies Act 2006**

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion, the information given in the strategic report and directors' report is consistent with the financial statements;
- in our opinion, the strategic report and directors' report has been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in these respects.

**Respective responsibilities and restrictions on use**

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**Independent auditor's report to the members of Warner Music International Services Limited (*continued*)**

**Respective responsibilities and restrictions on use**

***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'M. McCann', written over a light grey grid background.

Maurice McCann (Senior Statutory Auditor)  
**for and on behalf of**  
**KPMG Statutory Auditor**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

29 June 2023

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022

**Profit and Loss Account**  
*for year ended 30 September 2022*

	Note	2022 \$000	2021 \$000
<b>Turnover</b>	2	1,521,714	1,361,343
Cost of sales		(986,261)	(867,835)
<b>Gross profit</b>		535,453	493,508
Administrative expenses	3	(446,277)	(378,157)
Distribution expenses		(100,908)	(98,326)
<b>Operating (loss)/profit</b>		(11,732)	17,025
Interest receivable and similar income	6	10,267	9,600
Interest payable and similar expenses	7	(432)	(655)
Other income/(expenses)		29,153	(4,438)
<b>Profit before taxation</b>		27,256	21,532
Tax	8	(10,718)	(8,389)
<b>Profit for the financial year</b>		16,538	13,143

**Other Comprehensive Income**  
*for year ended 30 September 2022*

The company had no other comprehensive income for the year ended 30 September 2022 (2021: \$nil).

The notes on pages 13 to 24 form part of these financial statements.

DocuSign Envelope ID: 6065483D-5A5D-49AE-AE86-7A95CCDBD5A0


Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

**Balance Sheet**  
 at 30 September 2022

	Note	2022 \$000	2021 \$000
<b>Fixed assets</b>			
Tangible assets	9	3,666	1,905
Investments	10	166,375	166,375
		<u>170,041</u>	<u>168,280</u>
<b>Current assets</b>			
Cash at bank and in hand		1,029	2,257
Debtors due in less than one year	11	618,157	831,541
		<u>619,186</u>	<u>833,798</u>
<b>Creditors: amounts falling due within one year</b>	12	(594,212)	(816,948)
<b>Net current assets</b>		<u>24,974</u>	<u>16,850</u>
<b>Net assets</b>		<u>195,015</u>	<u>185,130</u>
<b>Capital and reserves</b>			
Called up share capital	14	130,520	130,520
Share premium		26,151	26,151
Profit and loss account		38,344	28,459
<b>Shareholders' funds</b>		<u>195,015</u>	<u>185,130</u>

These financial statements were approved by the board of directors and were signed on its behalf by:

The notes on pages 13 to 24 form part of these financial statements.

DocuSigned by:  
  
 6CC2C3B88DE3465...  
 Rupert Lougee  
 Director

Date: 28 June 2023

Company registered number: 02258593

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

*Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022*

## Statement of Changes in Equity

	<b>Called up Share capital</b>	<b>Share Premium</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 26 September 2020	<b>130,520</b>	<b>26,151</b>	<b>38,316</b>	<b>194,987</b>
Profit for the year	-	-	13,143	13,143
Dividend paid	-	-	(23,000)	(23,000)
Balance at 24 September 2021	<b>130,520</b>	<b>26,151</b>	<b>28,459</b>	<b>185,130</b>
Profit for the year	-	-	16,538	16,538
Dividend paid	-	-	(6,653)	(6,653)
<b>Balance at 30 September 2022</b>	<b>130,520</b>	<b>26,151</b>	<b>38,344</b>	<b>195,015</b>

The notes on pages 13 to 24 form part of these financial statements.



## Notes To The Financial Statements at 30 September 2022

### 1 Accounting policies

Warner Music International Services Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is US Dollar (\$). All amounts in the financial statements have been rounded to the nearest \$1,000.

The Company’s ultimate parent undertaking includes the Company in its consolidated financial statements, and is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention.

#### ***Functional Currency***

The Company’s functional currency is USD. All amounts in the financial statements have been rounded to the nearest \$1,000, except when otherwise indicated.

#### ***Accounting period***

The Company prepared financial statements for either 52 or 53 week periods ending within one week of 30 September, going forwards accounts will now continue to be prepared to 30 September each year.

#### ***Going concern***

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate given the following considerations.

Directors considered the operating nature of the entity, including the trading arrangements with affiliated entities and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

## Notes (continued)

### 1 Accounting policies (continued)

#### Going concern (continued)

Those forecasts are dependent on Warner Music Group Corp. not seeking repayment of the amounts currently due to the group, at the date of the approval of these financial statements, providing additional financial support during that period, and continuing the existing, contracted trading arrangements across the Group. Warner Music Group Corp. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. The directors also have no reason to believe that trading arrangements with affiliated entities will materially change in the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Related parties

The Company has taken advantage of the exemption in FRS 102 not to disclose details of transactions between fellow wholly-owned group undertakings.

#### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Provision of Services: revenue is earned on provision of services pursuant to agreements held with worldwide affiliates and is recognised in the period that the relevant services are delivered.

Royalty, license and other income: revenue is recognised based on the contractual arrangements entered into with third parties, which allow them to exploit the Group's intellectual property in return for a fee. Where the Group is entitled to a fee which is not dependent upon future usage, revenue is recognised when the Group has fulfilled its contractual commitments. Where the fees due to the Group are dependent upon usage, revenue is recognised based upon that usage. Where no reliable basis is available for estimating such usage, revenue is recognised on a straight-line basis over the period of the contract terms, as reported to the Group by third parties.

#### Basic financial instruments

##### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

##### Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements over the estimated useful life of the improvements
- Plant and Machinery over 3-5 years
- Furniture and equipment over 5 years
- Software Development over 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Pensions*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022

## Notes (continued)

### 2 Turnover

Turnover represents the amounts derived from the provision of services, royalties receivable and fees for other services and is stated net of value added tax.

Sales by destination were as follows:

	2022	2021
	\$000	\$000
United Kingdom	4,025	3,354
Rest of the World	1,517,689	1,357,989
Total turnover	<u>1,521,714</u>	<u>1,361,343</u>

Sales by type were as follows:

	2022	2021
	\$000	\$000
Provision of Services	19,779	17,802
Royalties	1,501,935	1,343,541
Total Turnover	<u>1,521,714</u>	<u>1,361,343</u>

### 3 Operating Profit

*This is stated after charging/(crediting):*

	2022	2021
	\$000	\$000
Auditor remuneration – Audit of these financial statements	207	191
Depreciation of tangible fixed assets (note 9)	1,136	1,876

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

**Notes** *(continued)***4 Staff numbers and costs**

	2022	2021
	\$000	\$000
Wages and salaries	45,177	39,742
Social Security costs	6,997	6,923
Other pension costs	1,824	1,401
Total Staff Costs	<u>53,998</u>	<u>48,066</u>

The average number of persons employed by the Company (including directors) during the year, was as follows:

	2022	2021
Number of employees	<u>342</u>	<u>239</u>

**5 Directors' remuneration**

	2022	2021
	\$000	\$000
Directors' emoluments	-	-

Emoluments relating to two directors are disclosed in the accounts of the parent company, WMG Acquisition (UK) Ltd. As they provide services to WMG Acquisition (UK) Ltd and multiple subsidiary companies, the group does not consider that there is a practicable method to apportion these emoluments. The other Directors do not perform qualifying services and therefore no emoluments are disclosed in relation to these Directors.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

**Notes (continued)****6 Interest receivable and similar income**

	2022 \$000	2021 \$000
Intercompany interest receivable	10,140	9,600
Other interest receivable	127	-
	<u>10,267</u>	<u>9,600</u>

**7 Interest payable and similar expenses**

	2022 \$000	2021 \$000
Intercompany interest payable	432	290
Other interest payable	-	365
	<u>432</u>	<u>655</u>

**8 Taxation****a. Total tax expense recognised in the profit and loss account**

	2022 \$000	2021 \$000
<i>Current tax</i>		
UK corporation tax on income for the period	4,041	2,974
Adjustments in respect of prior periods	801	315
Overseas tax suffered	5,906	5,455
Foreign tax relief/other relief	(742)	-
Total current tax	<u>10,006</u>	<u>6,631</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	588	127
Impact of change in tax rate	124	(482)
Adjustment in respect of prior years	-	-
Total deferred tax	<u>712</u>	<u>(355)</u>
Total tax	<u>10,718</u>	<u>8,389</u>

The full tax charge for the year is recognised in the Profit and Loss account.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

## Notes (continued)

### 8 Taxation (continued)

#### b. Reconciliation of tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2021: 19%). The tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2022	2021
	\$000	\$000
Profit before tax for the year	27,256	21,532
Profit multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	5,179	4,091
Factors affecting charge:		
Expenses not deductible for tax purposes	29	73
Non taxable income	(165)	(26)
Change in tax rate on deferred tax balances	124	(482)
Effect of tax rates in foreign jurisdictions	4,750	4,418
Adjustment to tax charge in respect of previous periods	801	315
Total tax expense included in profit	<u>10,718</u>	<u>6,343</u>

#### c. Tax rate changes

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, the UK deferred tax asset as at 30 September 2022 has been calculated based on this rate. This will also have a consequential effect on the company's future tax charge.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022

**Notes** *(continued)*

**9 Tangible fixed assets**

	Leasehold improvements \$000	Plant Machinery, Furniture & Equipment \$000	Software development \$000	Total \$000
<b>Cost</b>				
Balance at 24 September 2021	4,663	1,428	38,053	44,144
Additions	-	-	2,897	2,897
Balance at 30 September 2022	4,663	1,428	40,950	47,041
<b>Depreciation</b>				
Balance at 24 September 2021	(4,663)	(1,345)	(36,231)	(42,239)
Depreciation charge for the year	-	-	(1,136)	(1,136)
Balance at 30 September 2022	(4,663)	(1,345)	(37,367)	(43,375)
<b>Net book value</b>				
At 24 September 2021	-	83	1,822	1,905
At 30 September 2022	-	83	3,583	3,666



DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

**Notes** *(continued)***10 Fixed asset investments**

	2022 \$000	2021 \$000
At beginning of year	166,375	166,375
At end of year	166,375	166,375

Details of the investments in which the company holds at least 20% of the nominal value of any class of share capital are as follows:

***Subsidiary undertakings***

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Warner Music UK Limited	England and Wales	Ordinary shares	100%	Record Company
WMIS Limited	England and Wales	Ordinary	100%	Service Company
Magnet Records Limited*	England and Wales	Ordinary shares	100%	Record company
Anxious Records Limited*	England and Wales	"A" & "B" Ordinary shares	100%	Dormant
China Records Limited*	England and Wales	"A" & "B" Ordinary shares	100%	Record company
679 Recordings Limited*	England and Wales	"A" & "B" Ordinary shares	100%	Record company
1967 Limited*	England and Wales	Ordinary shares	100%	Record company
Elmlowe Limited*	England and Wales	"A" & "B" Ordinary shares	100%	Record company
ADA Global Limited*	England and Wales	Ordinary shares	100%	Dormant
Taffia International Limited*	England and Wales	Ordinary shares	50.1%	Record company
A+E Records Limited*	England and Wales	Ordinary shares	100%	Record company
Comedy Box Limited*	England and	Ordinary		

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

	Wales	shares	100%	Dormant
B Unique Records Limited*	England and Wales	Ordinary shares	100%	Record company
FFRR Records Limited*	England and Wales	Ordinary shares	100%	Record company
Infectious Records Limited*	England and Wales	Ordinary shares	100%	Record company
Funghi Records Limited*	England and Wales	Ordinary shares	100%	Dormant
Laurel Records Limited*	England and Wales	Ordinary shares	100%	Record company
Sharemyplaylists.com Limited*	England and Wales	Ordinary shares	100%	Dormant
Radar Scope Limited	England and Wales	Ordinary shares	100%	Record company
SK Acquisition Ltd	England and Wales	Ordinary shares	100%	Record company
Warner Music Ireland Limited*%	Ireland	Ordinary shares	100%	Record company
Warner Music (Northern Ireland) Ltd*~	Northern Ireland	Ordinary shares	100%	Record company
First Night Records Limited*	England and Wales	Ordinary shares	100%	Record company
Exallshow Limited*	England and Wales	Ordinary shares	100%	Record company
Film27 Limited*	England and Wales	Ordinary shares	100%	Record company
Gingerbread Man Records Limited*	England and Wales	Ordinary shares	50%	Record company

\*Held by a subsidiary undertaking.

All of the investments are in unlisted companies with a registered address of Cannon Place, 78 Cannon Street, London, EC4N 6AF. With the exception of: ~ Warner Music (Northern Ireland) Limited with a registered address of Gordon Street Mews, 27-29 Gordon Street, Belfast, BT1 2JL and % Warner Music Ireland Limited with a registered address of Riverside One, Sir John Rogerson's Quay Dublin, 2, Ireland.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

Company Registration Number: 02258593  
 Annual Report and Financial Statements  
 30 September 2022

**Notes (continued)****11 Debtors due in less than one year**

	2022	2021
	\$000	\$000
Amounts owed by group undertakings	471,874	683,909
Trade debtors	136,409	135,915
Other debtors	7,355	2,429
Deferred tax assets	1,676	2,388
Prepayments and accrued income	843	818
Group relief receivable	-	6,082
	<u>618,157</u>	<u>831,541</u>

**12 Creditors due in less than one year**

	2022	2021
	\$000	\$000
Trade creditors	1,277	1,235
Amounts owed to group undertakings	305,606	545,386
Group relief payable	-	2,762
Taxation and social security	4,819	10,161
Corporation tax	6,022	6,414
Accruals and other creditors	276,488	250,990
	<u>594,212</u>	<u>816,947</u>

**13 Deferred tax assets and liabilities**

	Deferred tax
	\$000
At beginning of year	2,388
Credit to the profit and loss for the year	(712)
At end of year	<u>1,676</u>

Deferred tax assets are attributable to the following:

	2022	2021
	\$000	\$000
Difference between accumulated depreciation and capital allowances	1,260	2,152
Other timing differences	416	236
	<u>1,676</u>	<u>2,388</u>

There are no unused tax losses or unused tax credits.

DocuSign Envelope ID: 60654B3D-5A5D-49AE-AE86-7A95CCDBD5A0

*Company Registration Number: 02258593  
Annual Report and Financial Statements  
30 September 2022*

## **Notes** *(continued)*

### **14 Capital and reserves**

#### **Share capital**

	<b>\$</b>
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each at 24 September 2021 and 30 September 2022	<b>130,520,005</b>

Share capital – represents the nominal value of shares that have been issued.

### **15 Defined contribution plans**

The company operates a defined contribution scheme, the Warner Music pension scheme, for its directors and employees. The assets of the scheme are held separately from those of the company, in an independently administered fund. The unpaid contributions outstanding at year end included in other Creditors are \$255k (2021: \$296k).

### **16 Ultimate parent company and parent company of larger group**

On 30 September 2022 the company was 100% owned by WMG Global Ventures Limited.

On 30 September 2022 AI Entertainment Holdings LLC a company incorporated in Delaware in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp. was the parent undertaking of the smallest and largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Warner Music Group Corp.'s financial statements can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.

### **17 Post Balance Sheet Events**

There have been no significant post balance sheet events which require adjustment to or a disclosure thereon in these financial statements.